

MISSOURI Real Estate Appraisers COMMISSION

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MISSOURI REAL ESTATE APPRAISERS COMMISSION

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David Millin, Member
Darryl E. Knopf, Member
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Laura Vedenhaupt, Clerk IV
Kim Stuefer, Licensing Tech
Craig Jacobs, Assist. Attorney General



MISSOURI

DEPARTMENT OF ECONOMIC DEVELOPMENT

OFFICE HOURS

The office of the Missouri Real Estate Appraisers Commission is open Monday through Friday except on state holidays, with staff available to assist you between the hours of 8:00 a.m. and 5:00 p.m.

UPS AND DOWNS IN 2001

Since our last newsletter, the Commission has experienced many losses and gains. The commission suffered a great loss with the passing of Henry "Hank" Clabaugh. We had come to depend on Hank for many things. In addition to the loss of Hank, Roger Gregory resigned from the Commission. The loss of these two members came in the middle of a transition period: our Executive Director, Judy Kolb, retired. On the positive side, a new member has been appointed to our commission to replace Roger: Darryl "Skip" Knopf, a certified residential appraiser from St. Louis. Also, a new Executive Director, Rodger Fitzwater, has been hired. Rodger is a former state representative. His experience as a legislator will be a valuable asset to the commission.



Willie McCann

Despite all of the changes over the past few months, the work of the commission continues. There have been a steady number of new applicants. In addition to reviewing the new applications, the commission has been faced with numerous complaints. It is the responsibility of the commission to review all complaints and take action if needed. Many of the recent complaints concern the issue of "flipping".

There are several things the commission is considering and working on for the coming year. Please contact the commission or any member of the staff to offer recommendations, suggestions, or comments. We would be glad to hear your input. On behalf of the Commission and Staff, have a happy and prosperous New Year!

Willie McCann
Chairman

IN MEMORY OF HENRY E. CLABAUGH

On August 26, 2001, the appraisal commission lost a good friend and devoted member, known affectionately as "Hank." First appointed to the Commission in 1997, he was re-appointed by then Governor Mel Carnahan for a second three-year term in January of 2000.

A member of the National Association of Independent Fee Appraisers, Certified Review Appraisers, and Certified Relocation Professional, he was also a State Certified Residential Appraiser. An appraiser since 1963, Hank was on the HUD-FHA and Veteran's Administration fee panels. His business focus was on residential real estate appraisal, and he specialized in residential relocation appraising. Hank held a Missouri Real Estate Broker's license and was also a member of the St. Louis Association of Realtors. He taught appraisal courses for NAIFA and was a member of several civic and charitable organizations.



Tom Garnett presenting Hank's wife Nancy, with the Certificate of Appreciation and Proclamation.

As a dedicated, hard-working commission member he held positions on several of the commission committees. He rarely missed a meeting; he could be counted on to be prepared to do his job in an unbiased, fair, and consistent manner. Hank believed in helping young people become appraisers and in giving back of himself to the profession that he loved.

His infectious laugh and big bright smile helped both commission members and staff make it through many long meetings.

Hank had a love for life and tried very hard to live it to the fullest. His easygoing, likeable personality, together with his generosity, made him popular with us all.

The Appraisal Commission considers itself fortunate to have had the time, talent, and dedication that Hank so generously gave. The Commission and staff thank his wife, Nancy, and their sons Steve, Adam, and Matt, for sharing Hank with us over the past four years. He will be greatly missed by the Commission, by the staff and by all that knew him, but he will never be forgotten.

GREGORY LEAVES THE COMMISSION

Roger Gregory has resigned from the Missouri Real Estate Appraisers Commission effective October 15, 2001. He served only a short time on the commission (1-½ years), but the commission will sorely miss his knowledge and expertise. Willie McCann, Chairman of the Appraisers Commission presented Roger a plaque for his service and commitment on behalf of the commission. Willie said, " We deeply appreciate your service to the commission and to the State of Missouri and wish you all the best with your future plans."



FLASH! KNOPF APPOINTED TO THE COMMISSION

Governor Bob Holden has appointed Daryl E. "Skip" Knopf of St. Louis to the Missouri Real Estate Appraisers Commission. Skip replaces Roger Gregory who resigned from the commission October 15, 2001. We welcome Skip to the commission. Be watching future newsletters for more information and details on new commission members.



MESSAGE FROM THE DIVISION DIRECTOR

My office has been working diligently, through team input and much planning, to develop an optical imaging system that will meet the needs of the Division. I'm glad to report that we have begun implementing the new optical imaging system. The boards will be trained on how to use the system. Once trained, they will begin using the system and have the ability to scan daily mail received or other paper files and documents maintained in the board office. The boards will each determine what documents are to be scanned.

As of February 19, 2002, we had 14 production boards that had been trained. These boards were using the optical imaging system and were scanning their documents. At that time, there had already been 50,000 pages imaged. As of March 15, 2002, there were six (6) boards who were being trained on the system and it was anticipated in the very near future, these boards would also go to production and begin scanning their paper files. It is expected that the remaining boards will begin training on the system very soon and shortly thereafter, go into production also. It is projected that the entire Division will be trained on and using the system in the next few months.

Please stay tuned as we continue to improve the services provided by the Division.

Yours truly,

A handwritten signature in cursive script that reads "Marilyn Taylor Williams".

Marilyn Taylor Williams
Division Director

NOTICE RULES CHANGE!!

4 CSR 245-5.020 Application, Certificate and License Fees

Effective April 1, 2002, the renewal fee will be \$400 for Certified General Real Estate Appraisers, Certified Residential Real Estate Appraisers, and State Licensed Real Estate Appraisers. This fee will cover a 2-year period for appraisers required to submit continuing education this year. Renewal forms should start arriving in your mailboxes by April 5, 2002. Please contact the office and speak to Laura or Kim if you have any questions.



??CONTINUING EDUCATION QUESTIONS??

Do you have questions as to how many hours of Continuing Education (CE) you owe and what cycle you are in? Please contact the office to find the answers to these questions by speaking to Laura or Kim. CE hours owed and cycle you are in will also appear on your renewal forms.

REMINDER

Appraisers are required to maintain course completion certificates for a minimum of five (5) years!

DID YOU KNOW?

Per 339.529, RSMo:

If your business relocates, you must notify the Commission in writing within thirty (30) days so that your records may be updated. **YOU ARE REQUIRED** to update your license and wallet card. Send in your current license and wallet card, and the Commission will replace them with a new license carrying the new address.

If your business undergoes a name change but there is no change to the address, you must notify the Commission in writing within thirty (30) days so that your records may be updated. You

are not required to update your license and wallet card, but you may do so by sending in your current license and wallet card. They will be replaced with new a new license carrying the new business name.

If your home address changes, you must notify the Commission in writing within thirty (30) days so that your records may be updated.



REGULATORY AUDITS

by Treva Mongler, Auditor/Investigator

AUDIT. An intimidating word that according to the thesaurus also insinuates the words review, check, inspection, examination, assessment, inventory, or even - appraisal.

The Missouri Real Estate Appraisers Commission (MREAC) commenced random audits from June 1995 through August 1997 on a part-time basis; the audits were conducted by the Division of Professional Registration (DPR) Investigators. Beginning in September 1997, the Commission employed one full-time Investigator (Auditor) to

conduct audits. Desktop Audits were implemented in September 1999, and they have been proven to be an effective and efficient tool. Audit correspondence between the Auditor and the licensee is via mail, telephone, email, and fax.

When you receive a letter stating that you are being audited, the first thing to do is **RELAX!** The Commission is not out to get you. It is intended as a painless, helpful procedure, and it is not usually time consuming to the Appraiser.

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REGULATORY AUDITS Continued

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HOW ARE LICENSEES SELECTED FOR AN AUDIT? The Auditor selects names from a list of all licensees. Several licensees from within an appraisal office, and/or several licensees within an area (town/city) may be selected during the same time frame.

WHY ARE LICENSEES SELECTED FOR AN AUDIT? To be conducive to the appraiser profession while verifying compliance of "Missouri Certified and Licensed Real Estate Appraisers Act and Rules Chapter 339 and Division 245" which includes the "Uniform Standards of Professional Appraisal Practice (USPAP)" promulgated by the "Appraisal Standards Board of the Appraisal Foundation."

WHEN ARE LICENSEES AUDITED? Every licensee will eventually receive an audit. Licensees shall comply with the audit in accordance with Section 339.537 RSMo that states, "records shall be made available by the state certified real estate appraiser or state licensed real estate appraiser for inspection and copying on reasonable notice to the state certified real estate appraiser or state licensed real estate appraiser."

Due to the networking of Appraisers, most are aware of the audit procedures. Please be aware that the audit is not a time consuming process. It mainly requires copying documents! Courteous and expedient cooperation in the audit process is greatly appreciated by the Commission and Auditor.

The audit procedure is completed in three parts:

Part one - Submit to the Auditor, postmarked within ten days of the audit letter, copies of requested applicable documents (assignment log, company letterhead, appraiser seal, business card, and area yellow page advertisement(s) and/or yellow page listing(s)).

Part two - After the Auditor receives and reviews the above-mentioned documents, a telephone interview will be conducted, and the licensee will be advised of compliance or non-compliance of the documents. Following the interview, the licensee will be required to submit copies of selected appraisal reports (including work data and supporting documentation) from the assignment log and/or copies of Continuing Education Certificates due at time of licensure renewal. This information is due to the Auditor within two- (2) working days. If the appraiser cannot provide the information within the stated time frame, **contact the Auditor** to arrange an extension.

Part three - Once the Auditor has the opportunity to review the submitted appraisal files, the Auditor will contact the licensee to advise and discuss any concerns and/or violation(s) noted. The Auditor then informs the licensee that the completed audit report will be submitted to and reviewed by the Commission during their next regular meeting. Typically, the licensee will receive a disposition letter from the MREAC Executive Director following the Commission Meeting within one to two weeks. At that time, the audit is officially concluded. However, the Commission may have questions or may request further documents from a licensee, which may delay a final audit disposition.

In the event a licensee selected for an audit has not completed any appraisals within the past five- (5) years, they must notify the Auditor when they receive the initial letter.

VERY IMPORTANT - ***DO NOT*** call the Commission's office with audit questions/information or mail audit documents to the Commission. Please direct all correspondence **to the Auditor**, whose mailing address and telephone number are highlighted within the audit

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REGULATORY AUDITS Continued

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letter. Correspondence sent to the Commission office delays the timely audit process.

The Commission fully expects that violation(s) noted or concerns addressed will be immediately corrected and appropriate changes imple-

mented. During a second audit, the Commission's disciplinary measures may vary if the same violation(s) or concerns are noted. Remember, put your MREAC Act and Rules and USPAP booklets to use. Let's take advantage of this audit program to be the best Appraisers possible! Thank you to the licensees who have completed an audit in a genuine courteous manner.

NEW FEDERAL PRIVACY REGULATIONS IMPACT APPRAISERS

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Federal privacy regulations, which became effective July 1, 2001, affect the way in which appraisers handle non-public, personal information. **Compliance is mandatory.** The regulations are known as the Federal Trade Commission (FTC) Privacy Act. They result from the Gramm-Leach-Bliley Act (GLB Act). Intent of the law is to protect personal information obtained by a financial institution from a consumer. The GLB Act limits the instances in which financial institutions may disseminate certain "non-public personal information" about their customers. **The FTC Privacy Act regulations apply to appraisers as well as other providers of financial services.** The appraiser is identified in the Act as an affiliated party to the financial institution. As such, an appraiser who receives non-public personal financial information from a financial institution or directly from a consumer who is a client in the course of performing an assignment will be held responsible for compliance with the Act and its implementing regulations.

What is the appraiser's responsibility under the Privacy Act?

1. The appraiser must develop a written privacy policy and disclosure notice which includes the appraiser's privacy

policies, information sharing practices, and "categories of information" collected and disclosed. (Your bank, insurance company, credit card company and many others have sent you a written privacy policy.)

2. The appraiser is required to provide the consumer with a "conspicuous" and clear Privacy Notice that discloses the consumer's right to "opt-out" of any future sharing of their non-public personal financial information. (Advice of an attorney is recommended.)
3. The appraiser must proactively inquire as to the status of the information provided by the lender clients with respect to its privacy status, provide appropriate notice to those consumers and to those clients for whom the appraiser directly provides appraisals.

The Missouri Real Estate Appraisers commission recommends that appraisers obtain a complete copy of The Appraisal Foundation White Paper on Privacy Regulation which is available on **The Appraisal Foundation web site:** www.appraisal-foundation.org.

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NEW FEDERAL PRIVACY REGULATIONS CONTINUED

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Excerpts from The Appraisal Foundation White Paper dated June 2001 follow:

"USPAP has long defined "confidential information" as "information received from a client, not available from any other source, which the client identifies as confidential when providing it to an appraiser" (2001 USPAP). Accordingly, the burden of determining confidentiality has traditionally resided with the client who must then inform the appraiser. There are no independent standards for determining confidentiality by either the appraiser or client.

"...Applying this to the related concept of privacy would suggest that the appraiser could rely on ...financial institution clients to initially comply with the FTC Privacy Rule and the GLB Act and then inform the appraiser as to which, if any,

information provided as part of the assignment should be considered confidential (private) and thereby not available for dissemination or re-use. In many situations, this procedure may be sufficient... since the GLB framework includes the appraiser as well as the lender, the appraiser should confirm compliance with these regulations and laws by asking the lender clients which information, if any, is deemed non-public personal information and, has not been limited due to the consumer's exercise of his/her opt-out rights...

"In situations where the consumer is the lender's client and the appraiser uses information obtained from the lender, the principal concern is with the appraiser's subsequent re-use or re-disclosure of this information. Contracting directly with a consumer/client places additional responsibilities on the appraiser with respect to Privacy Rule compliance."

DISCIPLINARY ACTIONS

JAMES SINGLETON

RA001255 - Certified General

Violations - USPAP Standards Rule 2-2; Missouri Statute 339.532.2(6).

Mr. Singleton prepared an appraisal report that was not a self-contained, summary, or restricted report as required in USPAP.

Joint Stipulation with MREAC - Two (2) years probation. During the probation period, the licensee shall successfully complete fifteen (15) hours of an approved USPAP course and thirty (30) hours of an approved income capitalization course. Shall not complete any non-residential appraisal assignments until the required education is completed. Shall maintain an appraisal assignment log and shall submit the log thirty (30) days prior to the expiration of the disciplinary period for review and possible selection of work samples. Discipline effective 9/12/2000.

E. DALE APPLEBERRY

RA001452 - Certified Residential

Violations - USPAP Standards Rules 2-3; USPAP Ethics Rule, Conduct Section; Missouri Statute 339.532.2(5) and (7).

Mr. Appleberry failed to disclose that the recipients of the appraisal report were members of Mr. Appleberry's family.



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DISCIPLINARY ACTIONS Continued

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Joint Stipulation with MREAC - One (1) year probation. During the probation period, the licensee shall successfully complete fifteen (15) hours of an approved USPAP course. Shall maintain an appraisal assignment log and shall submit the log thirty (30) days prior to the expiration of the disciplinary period for review and possible selection of work samples. Discipline effective 9/29/2000.

WILLIAM MCCARTHY

RA003122 - State License

Violations - Missouri Statute 339.532.2(4).

Mr. McCarthy, while employed by an appraisal firm, performed real estate appraisals for clients of the firm and withheld fees, therefore depriving the firm of income from such work.

Disciplinary Order - Revocation. Revocation effective 12/12/2000.

MICHAEL RYLE

RA001399 - Certified Residential

Violations - USPAP Standards Rule 1-1, 1-4(b)(c), 2-1, 2-2; Missouri Statute 339.532.2(7) and (9).

Mr. Ryle provided inadequate analysis of comparable sales and inadequate analysis for significant adjustments made to comparable properties in an appraisal report on a non-residential property. The report did not support the capitalization rate used in the Income Approach.

Joint Stipulation with MREAC - Censure. Discipline effective 12/27/2000.

GEORGE GREENWOOD

RA001806 - Certified Residential

Violations - USPAP Standards Rule 2-2(b)(viii); Missouri Statute 339.532.2(7) and (9).

Mr. Greenwood failed to summarize the information considered, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions as to his estimated cost per square foot and depreciation in an appraisal report.

Disciplinary Order - One (1) year probation. During the probation period, licensee shall successfully complete fifteen (15) hours of an approved USPAP course and thirty (30) hours of an approved income capitalization course. Shall maintain an appraisal assignment log and shall submit the log within (30) days prior to the expiration of the disciplinary period for review and possible selection of work samples. Discipline effective 2/20/2001.

DAVID ROBERTSON

RA002681 - Certified Residential

Violations - Probation Violation.

Mr. Robertson did not submit required education course(s) within designated time period.

Disciplinary Order - Six (6) months probation. During the probation period, licensee shall complete fifteen (15) hours of an approved income capitalization or case studies course. Shall submit completion certificate of a non-residential appraisal course within six (6) months. Shall maintain an appraisal assignment log and shall submit the log at the end of each quarter of the probation period for review and possible selection of work samples. Discipline effective 2/28/2001.

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DISCIPLINARY ACTIONS Continued

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ALLEN LENZINI

RA001667 - Certified General

Violations - Missouri Statute 339.532.2(5), (6), (7), (9), (10), and (14).

Mr. Lenzini performed an appraisal on property in which he had a present or prospective interest, but falsely certified that he had no such interest. Mr. Lenzini failed to identify and report if the property had an existing lease with the State of Missouri; failed to identify the scope of work necessary to complete the assignment; failed to identify, analyze, or report applicable zoning regulations or the flood plain status; failed to adequately address the replacement cost; failed to analyze or support comparable expense data; incorrectly applied band-of-investment method for income capitalization; failed to analyze prior sales that occurred within past three (3) years.

Disciplinary Order - Revocation. Revocation effective 4/23/2001.

HOWARD HASKIN

RA002877 - Certified Residential

Violations - Missouri Statute 339.532.2(18).

Mr. Haskin was disciplined in the State of Kansas, and his license in that state was revoked.

Disciplinary Order - Revocation. Revocation effective 7/23/2001.

LICENSE STATISTICS

Effective March 4, 2002

Certified General -	656
Certified Residential -	1,019
State License -	<u>240</u>
Total Appraisers	1,915

2002 EXAMINATION DATES

University of Missouri/
Columbia

March 22, 2002
May 17, 2002
July 19, 2002
September 20, 2002
November 22, 2002

Division of Professional Registration
3605 Missouri Boulevard
PO Box 1335
Jefferson City MO 65109

PRSTD STD
U.S. POSTAGE
PAID
PERMIT 237
Jefferson City, MO

COMMISSION MEETING DATES

April 9- 10, 2002 - Jefferson City
July 9-10, 2002 - Jefferson City
October 9-10, 2002 - TBA

Additional meetings may be scheduled or changed if necessary.

All Commission meetings normally convene at 8:00 a.m.

EMAIL ADDRESS NEEDED

The Commission is in need of information from you. Please provide the Commission with your email address via mail at the Missouri Real Estate Appraisers Commission, PO Box 1335, Jefferson City, MO 65102-1335, via email to reacom@mail.state.mo.us or by fax 573/526-3489. The Commission will be forwarding documentation to you electronically once email addresses have been obtained.

